

Independent Auditor's Report

To the Board of Directors of North End Business Improvement Zone:

Opinion

We have audited the financial statements of North End Business Improvement Zone (the "Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba

May 30, 2019

MNP LLP

Chartered Professional Accountants

North End Business Improvement Zone
Statement of Financial Position
As at December 31, 2018

	2018	2017
Assets		
Current		
Cash	27,080	23,856
GST receivable	1,834	4,617
Investments	-	32,039
	28,914	60,512
Liabilities		
Current		
Accounts payable and accruals	3,500	12,009
Net Assets	25,414	48,503
	28,914	60,512

Approved on behalf of the Board

David Kan
 Director / DAVID KAN

Keith How
 Director / KEITH HOW

North End Business Improvement Zone
Statement of Operations
For the year ended December 31, 2018

	2018	2017
Revenue		
City of Winnipeg		
BIZ levy	56,818	57,570
Province of Manitoba		
Urban green team grant	4,310	-
Interest and other	8,446	3,456
	69,574	61,026
Expenses		
Administrative	26,400	26,400
Advertising	650	650
Bank charges and interest	-	105
Casual labour	600	-
Donations	-	300
Graffiti removal	1,250	1,250
Grants for BIZ initiatives	18,000	18,614
Insurance	572	-
Meetings	2,027	1,783
Office	501	1,481
Professional fees	1,808	1,695
Salaries and benefits	7,019	-
Streetscape improvements	33,836	76,080
Streetscape maintenance	-	1,794
	92,663	130,152
Deficiency of revenue over expenses	(23,089)	(69,126)

North End Business Improvement Zone
Statement of Changes in Net Assets

For the year ended December 31, 2018

	<i>2018</i>	<i>2017</i>
Net assets, beginning of year	48,503	117,629
Deficiency of revenue over expenses	(23,089)	(69,126)
Net assets, end of year	25,414	48,503

The accompanying notes are an integral part of these financial statements

North End Business Improvement Zone

Statement of Cash Flows

For the year ended December 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	(23,089)	(69,126)
Interest revenue on investments	-	(2,039)
	(23,089)	(71,165)
Changes in working capital accounts		
GST receivable	2,783	603
Accounts payable and accruals	(8,509)	10,509
	(28,815)	(60,053)
Investing		
Redemption of investments	32,039	30,000
Increase (decrease) in cash resources	3,224	(30,053)
Cash resources, beginning of year	23,856	53,909
Cash resources, end of year	27,080	23,856

The accompanying notes are an integral part of these financial statements

North End Business Improvement Zone

Notes to the Financial Statements

For the year ended December 31, 2018

1. Purpose of the Organization

The North End Business Improvement Zone (the "Organization") was designated as a Business Improvement Zone by City of Winnipeg By-law 622/93. A management board was established to beautify, improve and maintain land of the city within the business improvement zone subject to the authorization by Council and to promote the business improvement zone as a place to retail and commercial activity.

The North End Business Improvement Zone is a not-for-profit organization and operations are to be carried on without monetary gain to its members. It is tax exempt under Section 149 (1) of the Income Tax Act.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and include the following significant accounting policies:

Cash

Cash includes balances with banks. Cash subject to restrictions which prevents its use for current purposes is included in restricted cash.

Financial instruments

The Organization recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published prices. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment.

With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operations. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

GST receivable is stated after evaluation as to its collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the periods in which they become known.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

North End Business Improvement Zone
Notes to the Financial Statements
For the year ended December 31, 2018

3. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

April 25, 2019

Members of the Board of Directors
North End Business Improvement Zone

Dear Sirs/Mesdames:

We are pleased to submit to you this report for discussion of our audit of the financial statements of North End Business Improvement Zone (the "Organization") as at December 31, 2018 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Board of Directors.

THE AUDIT

Our responsibility, as auditor of the Organization, is to report to the Board of Directors on the fair presentation of the December 31, 2018 financial statements, in accordance with Canadian accounting standards for not-for-profit organizations. To properly discharge this responsibility, we designed our audit process to assess the risk of material misstatement within the statements by examining and assessing the effectiveness of the Organization's controls and accounting systems, and the evidence supporting the amounts and disclosures in the statements, including the appropriateness of accounting principles and significant estimates made by management.

We have considered the Organization's internal controls as part of the financial statement audit. This included obtaining an understanding of the internal controls (regardless of whether we intended to rely on them for the purpose of our audit); evaluating the design of these controls; and determining whether they have been implemented. This understanding was sufficient to allow us to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures. We have not determined whether relevant controls are operating effectively, as such, our understanding of internal controls should not be relied upon for any other purposes.

Our audit procedures, consisting of separate examination of each material year-end balance, key transaction, and other event considered significant to the financial statements, were concentrated in areas where risks were identified, and therefore, differences were most likely to arise.

Management has provided us with written representations, acknowledging, among other things, their responsibility for the implementation and maintenance of appropriate reporting systems and controls, including those designed to detect and prevent fraud, and to ensure the appropriateness of the amounts recorded in the accounting records, and the amounts and disclosures in the financial statements.

AUDIT RESULTS

We have satisfactorily completed our audit and are prepared to sign our Auditors' Report after the Board of Directors's review and approval of the financial statements. A substantive approach was used in auditing the Organization's financial statements; thus, the Organization's controls were not relied upon.

Final materiality calculated and used to assess the significance of misstatements or omissions identified during the audit and determine the level of audit testing performed was \$2,800.

The Auditors' Report will provide an unqualified opinion to the Board of Directors. Key matters noted during our audit are summarized in the table below.

Subjects	December 31, 2018
<ul style="list-style-type: none"> • Material uncertainties related to events or conditions that may cast significant doubt on entity's ability to continue as a going concern 	None
<ul style="list-style-type: none"> • Illegal or fraudulent acts 	None noted
<ul style="list-style-type: none"> • Non-compliance with laws and regulations 	None
<ul style="list-style-type: none"> • Fraud by employees/management with key roles in control activities 	None noted
<ul style="list-style-type: none"> • Differences that may: <ul style="list-style-type: none"> • Have a material effect on comparative information and the current period financial statements • Cause future statements to be materially misstated • Indicate significant deficiencies in controls 	None None None
<ul style="list-style-type: none"> • Irregularities having a material financial statement effect 	None
<ul style="list-style-type: none"> • Limitations placed on the scope of our audit 	None
<ul style="list-style-type: none"> • Significant transactions not in the ordinary course of business, or other unusual related party transactions 	None
<ul style="list-style-type: none"> • Unusual significant transactions given the entity and its environment 	None
<ul style="list-style-type: none"> • Non-monetary transactions 	None
<ul style="list-style-type: none"> • Transactions that increase risk 	None
<ul style="list-style-type: none"> • Concerns with management breach of corporate conduct 	None
<ul style="list-style-type: none"> • Conflicts of interest 	None
<ul style="list-style-type: none"> • Disagreements with management 	None
<ul style="list-style-type: none"> • Emphasis of matter or other matter paragraph included in the Auditors' Report 	None
<ul style="list-style-type: none"> • Matters influencing audit appointment 	None
<ul style="list-style-type: none"> • Difficulties encountered during the audit 	None
<ul style="list-style-type: none"> • Disagreements with management's accounting estimates 	None
<ul style="list-style-type: none"> • Disagreements with management's adoption of accounting policies or emphasis on the need for a particular accounting treatment 	None
<ul style="list-style-type: none"> • Significant deficiencies in the entity's risk assessment process within the design and/or implementation of controls 	None

Subjects	December 31, 2018
<ul style="list-style-type: none"> • Significant deficiencies in controls resulting from inappropriate response by management regarding implementing controls over significant risks 	None
<ul style="list-style-type: none"> • Matters giving rise to questions regarding the honesty and integrity of management 	None

All significant management estimates were reviewed and no material differences were noted. The methodologies and processes used by management were consistent with prior periods.

Differences identified during our audit were discussed with management. All differences identified during the course of the audit were adjusted at year end and there were no unadjusted differences.

We would like to take this opportunity to formally acknowledge the excellent cooperation and assistance we received from the management and staff of the Organization.

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from, or relevant to, our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Yours Truly,

MNP LLP

Chartered Professional Accountants